

Inspector General

United States
Department of Defense



Information Operations Contracts in Iraq

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Acronyms and Abbreviations

FAR	Federal Acquisition Regulation
IDIQ	Indefinite-Delivery, Indefinite-Quantity
IG	Inspector General
IO	Information Operations
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
PA	Public Affairs
PSYOP	Psychological Operations
SOW	Statement of Work
SSEB	Source Selection Evaluation Board



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

July 31, 2009

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE
COMMANDER, U.S. CENTRAL COMMAND
DIRECTOR, JOINT STAFF

SUBJECT: Information Operations Contracts in Iraq (Report No. D-2009-091)

We are providing this report for your information and use. We considered management comments on a draft of the report in preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, we do not require any additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to Paul J. Granetto, Principal Assistant Inspector General for Auditing, at (703) 604-8905 (DSN 664-8905).


Mary L. Ugone
Deputy Inspector General for Auditing



Results in Brief: Information Operations Contracts in Iraq

What We Did

This audit was requested by the Commander, U.S. Central Command. We also performed this audit pursuant to Public Law 110-181, "The National Defense Authorization Act for Fiscal Year 2008," section 842, "Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan."

Our objective was to determine whether a series of contracts for Information Operations awarded by Multi-National Force-Iraq (W91GDW-08-D-4013, W91GDW-08-D-4014, W91GDW-08-D-4015, and W91GDW-08-D-4016) met Federal Acquisition Regulation requirements. We also determined whether this procurement satisfied user needs.

What We Found

The Joint Contracting Command-Iraq/Afghanistan awarded indefinite-delivery, indefinite-quantity contracts to four contractors in accordance with the Federal Acquisition Regulation. However, the Joint Contracting Command-Iraq/Afghanistan combined psychological operations and public affairs requirements in one contract. Although we did not obtain any evidence that psychological operations were intended for a U.S. audience, the contract language did not clearly differentiate between psychological operations and public affairs, as required by doctrine, creating the appearance that psychological operations were associated with a U.S. audience. Overall, the contracting process resulted in a contract vehicle that was not optimal and may not meet initial psychological operations requirements or user needs. In addition, we determined that an internal control weakness exists in the oversight of the media

services contracts. Specifically, the Joint Contracting Command-Iraq/Afghanistan did not prepare a Quality Assurance Surveillance Plan for these contracts, and our review of contract documentation did not find evidence that a Contracting Officer's Representative was appointed.

What We Recommend

The Commander, Multi-National Force-Iraq should award task orders under these contracts to meet the contract minimum values, then allow these contracts to expire, and determine how ongoing requirements for Psychological Operations will be procured in the future.

To improve oversight of these contracts, the Commander, Joint Contracting Command-Iraq/Afghanistan should appoint a Contracting Officer's Representative and prepare a Quality Assurance Surveillance Plan. Additionally, the Commander, Joint Contracting Command-Iraq/Afghanistan should implement procedures to ensure a review is conducted of proposed psychological operations procurements by the Multi-National Force-Iraq Information Operations Division.

Management Comments and Our Response

The comments from the Multi-National Force-Iraq Information Operations Chief and the Principal Assistant Responsible for Contracting-Iraq were responsive, and no additional comments are required. Although not required to respond, we also received comments from the Office of the Under Secretary of Defense for Intelligence and the U.S. Central Command. Please see the recommendations table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, Multi-National Force-Iraq		1.a., 1.b.
Commander, Joint Contracting Command-Iraq/Afghanistan		2.a., 2.b.

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Introduction

Objective

Our objective was to determine whether a series of contracts for Information Operations (IO) awarded by Multi-National Force-Iraq (W91GDW-08-D-4013, W91GDW-08-D-4014, W91GDW-08-D-4015, and W91GDW-08-D-4016) met Federal Acquisition Regulation (FAR) requirements. In addition, we also determined whether user needs were met by this procurement. See Appendix A for a discussion of the scope and methodology and prior coverage related to the objectives.

Background

We performed this audit in response to a request from the Commander, U.S. Central Command to evaluate the IO requirements in support of Operation Iraqi Freedom. The request asked us to identify and evaluate the process to establish and execute IO requirements and to identify the resources applied to meet those requirements. The request also asked us to evaluate the contracting process and the use of private contractors in support of IO.

This is the first in a series of reports that will address the request from the Commander, U.S. Central Command. It discusses whether the indefinite-delivery, indefinite-quantity (IDIQ) IO contracts awarded by the Multi-National Force-Iraq (MNF-I) complied with the FAR. Subsequent reports will discuss the IO requirements process, and funding and personnel resources applied to meet IO requirements in Iraq.

We also performed this audit pursuant to Public Law 110-181, “The National Defense Authorization Act for Fiscal Year 2008,” section 842, “Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan.” Section 842 requires thorough investigation and auditing to identify potential waste, fraud, and abuse in the performance of DoD contracts, subcontracts, and task and delivery orders for the logistical support of coalition forces in Iraq and Afghanistan. Further, section 842 requires thorough investigation and auditing of Federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq and Afghanistan.

IO

Joint Publication 3-13, “Information Operations,” February 13, 2006, states that IO are:

... the integrated employment of electronic warfare, computer network operations, psychological operations, military deception, and operations security, in concert with supporting and related capabilities, to influence, disrupt, corrupt, or usurp adversarial human and automated decision making while protecting our own.

Psychological Operations

Joint Publication 3-53, "Doctrine for Joint Psychological Operations," September 5, 2003, states that psychological operations (PSYOP) "are planned operations to convey selected information and indicators to foreign audiences to influence the emotions, motives, objective reasoning, and ultimately the behavior of foreign governments, organizations, groups, and individuals." PSYOP are an integral part of military operations and are an inherent responsibility of all military commanders.

Public Affairs

Joint Publication 3-61, "Public Affairs," May 9, 2005, defines public affairs (PA) as:

Those public information, command information, and community relations activities directed toward both the external and internal publics with interest in the Department of Defense . . . The mission of joint public affairs is to support the JFC [Joint Force Commander] by communicating truthful and factual unclassified information about Department of Defense (DOD) activities to US, allied, national, international, and internal audiences.

Joint Publication 3-61 states that:

Although both PA and IO require planning, message development, and media analysis, the efforts differ with respect to audience, scope, and intent, and must remain separate . . . PA capabilities are related to IO, but PA is not an IO discipline or PSYOP tool . . . PA must be aware of the practice of PSYOP, but should have no role in planning or executing these operations.

Federal Acquisition Regulation

The FAR is the primary regulation used by all Federal Executive agencies in their acquisition of supplies and services. For the purpose of this report, we relied on FAR sections related to pre-award, source selection, and contract award, including FAR Part 4, "Administrative Matters"; Part 12, "Acquisition of Commercial Items"; Part 15, "Contracting by Negotiation"; and Subpart 16.5, "Indefinite-Delivery Contracts."

United States Central Command

U.S. Central Command was established on January 1, 1983, and is located at MacDill Air Force Base in Tampa, Florida. The command has an area of responsibility that consists of 20 countries in the Middle East and Southwest Asia, with a mission to promote development and cooperation among nations, respond to crises, and deter or defeat state and transnational aggression in order to establish regional security and stability.

MNF-I, formed on May 15, 2004, conducts operations to defeat remaining noncompliant forces and neutralize destabilizing influences in Iraq in order to create a secure environment.

Joint Contracting Command-Iraq/Afghanistan (JCC-I/A), established on July 2, 2005, is responsible for providing responsive operational contracting support to the Chiefs of Mission, MNF-I, and Combined Forces Command-Afghanistan in acquiring vital supplies, services, and construction in support of Coalition Forces and the relief and reconstruction of Iraq and Afghanistan. The Commander of JCC-I/A serves as the Head of Contracting Authority throughout the theater.

Multi-National Corps-Iraq (MNC-I), a subordinate command of MNF-I, is located at Camp Victory, Baghdad, Iraq. MNC-I is responsible for command and control of operations throughout Iraq. Four commands report to MNC-I including: Multi-National Division-Baghdad, Multi-National Division-North, Multi-National Force-West, and Multi-National Division-South.

Review of Internal Controls

We determined that an internal control weakness in the oversight of the media services contracts awarded by JCC-I/A existed as defined by DoD Instruction 5010.40, “Managers’ Internal Control (MIC) Program Procedures,” January 4, 2006. A Quality Assurance Surveillance Plan had not been prepared for the media services contracts, nor had a Contracting Officer’s Representative been appointed. In addition, the contracts contained language that did not clearly distinguish between PA and PSYOP services, which led to the unintended consequence of including “U.S. audiences” as a strategic audience for contracts that contain PSYOP requirements. Implementing Recommendations 2.a. and 2.b. will improve the oversight of future PSYOP procurements. We will provide a copy of this report to the senior official responsible for internal controls at U.S. Central Command.

Finding. Media Services Contracts in Iraq

JCC-I/A awarded IDIQ contracts W91GDW-08-D-4013, W91GDW-08-D-4014, W91GDW-08-D-4015, and W91GDW-08-D-4016 for media services in compliance with FAR pre-award, source selection, and contract award requirements. The procurement was originally intended to satisfy PSYOP requirements. However, JCC-I/A incorporated PA services into the solicitation as a sample task order. To alleviate concerns about using a PSYOP contract for PA, JCC-I/A later broadened the focus of the solicitation to media services. Although we did not obtain any evidence that PSYOP were intended for a U.S. audience, the contract language did not clearly differentiate between PSYOP and PA, creating the appearance that PSYOP were associated with a U.S. audience. Overall, the contracting process resulted in a contract vehicle that was not optimal and may not meet initial PSYOP requirements or user needs.

Media Services Contracts

On September 23, 2008, JCC-I/A awarded IDIQ contracts to Leonie Industries LLC; SOS International, Ltd.; Lincoln Group; and MPRI/L-3 Services, Inc. to provide a full range of media services to MNF-I. The contracts had a period of performance of 12 months from the date of award, with two 12-month option periods. The contracts had a maximum value of \$100 million per year. The media services contracts have been on hold since October 2008, and the former contracting officer stated that there were no task orders awarded for the contracts.

Federal Acquisition Regulation

We reviewed contract documentation provided by U.S. Central Command pertaining to pre-award, source selection, and contract award, and concluded that the contracting process complied with the FAR. For additional information on the history of this procurement, see Appendix B.

Requirement

The procurement was originally intended to satisfy PSYOP requirements. The Acting Commander, JCC-I/A approved a memorandum titled “Acquisition Strategy Approval,” July 25, 2008, that set out the acquisition strategy for this procurement (solicitation number W91GDW-08-R-0006). The memorandum stated that PSYOP and IO are recurring requirements that were previously satisfied through multiple blanket purchase agreements and multiple-award IDIQ contracts, most of which expire in 2009. The strategy for this procurement was to use a combined contract vehicle for PSYOP and IO that would operate under one oversight team to decrease contract administration efforts.

Incorporation of Public Affairs

Although the procurement was originally intended to satisfy PSYOP requirements, JCC-I/A incorporated PA services into the solicitation as a sample task order.

Solicitation and Seed Project

The solicitation, originally posted on July 22, 2008, for PSYOP and IO services for MNF-I, contained a seed project designed to be a sample task order that the Government would use to conduct a detailed price evaluation and comparison of proposals. An MNF-I official confirmed that the seed project was exclusively for PA. Specifically, the seed project was based on a statement of work (SOW) for a strategic communications management services contract that MNF-I awarded to the Lincoln Group in 2006. The strategic communications management services contract SOW was provided to JCC-I/A as the seed project for the PSYOP/IO procurement, bringing PSYOP and PA together under one vehicle. A second version of the solicitation, posted on July 28, 2008, added additional PA tasks to the seed project.

In August 2008, PA officials from U.S. Central Command and MNF-I expressed reservations about the use of a PSYOP contract to conduct PA. To alleviate these concerns, the final version of the solicitation, posted on August 21, 2008, broadened the focus of the procurement. Specifically, the title of the solicitation was changed from “Psychological Operations/Information Operations Services” to “media services,” and the language of the SOW was changed to remove nearly all references to PSYOP.

Unintended Consequences

The contracts awarded on September 23, 2008, did not differentiate between the intended audiences for PSYOP and PA. Joint doctrine for PA (Joint Publication 3-61) states that PA can be disseminated to both U.S. and foreign audiences; however, joint doctrine for PSYOP (Joint Publication 3-53) states that PSYOP can only be disseminated to a foreign audience.

The SOW for the multiple-award contracts stated that:

... it is essential to the success of the new Iraqi Government and the Coalition mission that both communicate effectively with our strategic audiences (i.e., Iraqi, pan-Arabic, international, and U.S. audiences) to gain widespread acceptance of their core themes and messages.

Further, the SOW noted that: “The establishment of multiple-award Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts will ensure effective communication of GOI [Government of Iraq] and Coalition themes and messages.” The SOW also listed PSYOP doctrine, guidance publications, and Fragmentary Orders as publications governing the media services objectives.

Although the SOW later stated that media products were intended for dissemination to Iraqis; nevertheless, the inclusion of the U.S. as a strategic audience and PSYOP publications as guidance may create the appearance that PSYOP were associated with a U.S. audience. During the audit we did not obtain any evidence that PSYOP were intended for a U.S. audience; however, the contract language did not adequately differentiate the intended audiences for PA and PSYOP.

Future Actions

Regarding the future of the media services contracts, IO personnel from MNF-I and MNC-I stated that they plan to collect a group of small PSYOP projects and award them as task orders to meet the \$250,000 minimum values for each contractor. Therefore, the U.S. Government will at least obtain something in return for the \$1 million obligated. An MNF-I official stated that it's likely that once the minimum values for each contractor are met, no additional task orders will be issued, the option years will not be executed, and the contracts will be allowed to expire. Subsequently, MNF-I should determine how ongoing requirements for PSYOP in Iraq will be procured in the future.

A JCC-I/A review of the contract files, conducted in November 2008, indicated that a Quality Assurance Surveillance Plan had not been prepared. In addition, during our review of contract documentation, we did not find a Contracting Officer's Representative appointment letter. These are internal control weaknesses in the oversight of the contracts. If task orders are awarded under these contracts, a Contracting Officer's Representative should to be appointed and a Quality Assurance Surveillance Plan should be developed.

User Needs

The contracts, as currently structured, may not satisfy the needs of any of the parties involved in this procurement. MNF-I had an ongoing need for contract support for PSYOP, which was previously satisfied by a series of small contracts. There was no consensus among IO personnel in Iraq as to whether these contracts would have adequately met PSYOP requirements. While IO and PSYOP personnel were involved in the procurement process, senior IO personnel in Iraq noted that they had reservations about the contract throughout the process, but did not raise their concerns to anyone in their chain of command or at JCC-I/A. MNF-I and MNC-I officials stated that IO personnel need to be more forceful in the future when they have objections with the contracting process or when their requirements for PSYOP are not being adequately addressed. Had the contracting language been reviewed by a senior IO or PSYOP official, potential shortfalls could have been identified and addressed earlier in the contracting process.

JCC-I/A sought a vehicle they could use to consolidate several similar requirements into a larger and more manageable vehicle to ease contract administration burdens. However, the IDIQ contract for media services was halted shortly after award, causing MNF-I and MNC-I to extend some existing contracts. MNF-I and MNC-I officials stated that they plan to return to using a series of small contract vehicles to satisfy their PSYOP requirements. As a result, JCC-I/A did not end up with a more manageable vehicle, will not be able to use this contract vehicle as intended, and will likely continue administering a series of small contract vehicles for PSYOP.

In addition, an MNF-I PA official stated that after the contract was awarded, the command decided not to use it to satisfy the strategic communications management services requirement for PA purposes.

Summary

We reviewed contract documentation pertaining to pre-award, source selection, and contract award, and concluded that JCC-I/A complied with the FAR. Although the contracts were originally intended to satisfy PSYOP requirements, JCC-I/A incorporated PA into the solicitation. To ensure that PSYOP and PA could both coexist under one SOW, the focus of the solicitation was broadened to concentrate on media services, which created unintended consequences. Specifically, the contract language did not differentiate between the audiences for PSYOP and PA in accordance with established doctrine, creating the appearance that PSYOP was associated with a U.S. audience. Overall, the contracting process resulted in a contract vehicle that was not optimal and may not meet initial PSYOP requirements or user needs.

Management Comments on the Report and Our Response

U.S. Central Command Comments

Although not required to comment, the Chief of Staff, U.S. Central Command provided comments on behalf of U.S. Central Command that incorporated comments from its subordinate commands (MNF-I, MNC-I, and JCC-I/A). Specifically, U.S. Central Command's response included comments from the MNF-I IO Chief, MNC-I Deputy Chief of IO, and the Principal Assistant Responsible for Contracting-Iraq (on behalf of JCC-I/A).

The Chief of Staff stated that while the SOW covered the whole spectrum of media services under the contract, each task order would identify specific requirements. He added that use of multiple award, IDIQ contracts ensure that proposed procurements are aligned with requirements and that oversight comes from IO practitioners appointing Contracting Officer's Representatives with detailed Quality Assurance Surveillance Plans to manage the task orders. Such practices expedite the acquisition process and centralize procurement to avoid duplicity or redundancy. The Chief of Staff stated that the real issue was the inclusion of "U.S. audiences" in the SOW, since it is illegal to target U.S. audiences for PSYOP.

Our Response

Although JCC-I/A awarded IDIQ contracts for media services in compliance with FAR pre-award, source selection, and contract award requirements, the contract language did not adequately differentiate the intended audiences for PA and PSYOP. Joint doctrine for PA states that PA can be disseminated to both U.S. and foreign audiences; however, joint doctrine for PSYOP states that PSYOP can only be disseminated to a foreign audience. The inclusion of the U.S. as a strategic audience and PSYOP publications as guidance created the appearance that PSYOP were associated with a U.S. audience. Although the SOW was intended to be broad to conform to established PSYOP and PA doctrine, we believe that the contract should not be used beyond the \$1 million contract minimum value because it does not set forth a solid basis for the award and execution of specific task orders.

Office of the Under Secretary of Defense for Intelligence Comments

Although not required to comment, the Senior Advisor for IO Strategy and Plans, Office of the Under Secretary of Defense for Intelligence stated that his organization will endorse and advocate the recommendations in this report within the Department. He agreed that DoD must improve controls to distinguish between tasks that support products intended for U.S. audiences and those intended exclusively for foreign audiences. However, the Senior Advisor stated that there are instances where certain contracts, like media analysis, could be consolidated under one vehicle as these products do not intend to inform or influence audiences.

Our Response

We agree with the comments from the Senior Advisor for IO Strategy and Plans, Office of the Under Secretary of Defense for Intelligence.

Recommendations, Management Comments, and Our Response

1. We recommend that the Commander, Multi-National Force-Iraq:

a. Award task orders for Psychological Operations under these contracts to meet the contract minimum values, then allow the contracts to expire.

Multi-National Force-Iraq Comments

The MNF-I IO Chief agreed with awarding task orders to meet contract minimum values and recommended that approval to award the task orders be granted no later than August 15, 2009.

U.S. Central Command Comments

The Chief of Staff, U.S. Central Command agreed with allowing MNF-I to award task orders under the contract; however, he stated that if task orders can be written on this contract in any matter, the contract can be used as originally intended. Specifically, he stated that, provided task orders are written with sensitivity to verbiage, MNF-I can use the contract as intended. The Chief of Staff noted that the scope of the contract enables units to draft task orders with more specific requirements that should fulfill user needs.

Our Response

The comments are responsive and no additional comments are required. Regarding the comments from the Chief of Staff, U.S. Central Command, our recommendation to award task orders to meet the minimum contract values was not an endorsement of the adequacy of the contract. Our recommendation is intended to prevent \$1 million from being spent without receiving anything in return. Our report identifies several shortfalls in the strategy, management, and oversight of the contracts, resulting in contracts that were awarded without clearly defining intended audiences for PSYOP and PA. Using the

contracts to conduct PSYOP beyond the \$1 million minimums may create unintended consequences, such as the perception that PSYOP does not have a clearly defined audience. In addition, we believe that the contract should not be used as originally intended to conduct PSYOP because it does not set forth a solid basis for the award and execution of specific task orders.

b. Determine how ongoing requirements for Psychological Operations will be procured in the future.

Multi-National Force-Iraq Comments

The MNF-I IO Chief agreed and provided a detailed response from MNC-I on how PSYOP requirements will be procured in the future.

Multi-National Corps-Iraq Comments

The MNC-I Deputy Chief of IO agreed and stated that the command will prepare a Joint Urgent Operational Needs Statement to describe how ongoing PSYOP requirements will be procured in the future. The Joint Urgent Operational Needs Statement is intended to request the creation of a program office for acquisition of IO related services and products, preferably at U.S. Special Operations Command. The program office will include a program manager whose duties will include analyzing recurring and common IO requirements, conducting market research to identify vendors, and providing training to deployed personnel in acquisition planning and contract administration for IO and PSYOP contracts, among other responsibilities.

U.S. Central Command Comments

The Chief of Staff, U.S. Central Command agreed with the management approach identified in the MNC-I comments. He noted that MNF-I, in collaboration with U.S. Central Command, will manage PSYOP activities under Operation Earnest Voice, an operation to influence regional and international audiences to achieve U.S. Central Command strategic objectives.

Our Response

The comments are responsive, and no additional comments are required.

2. We recommend that the Commander, Joint Contracting Command-Iraq/Afghanistan:

a. Appoint a Contracting Officer's Representative and prepare a Quality Assurance Surveillance Plan, if the contracts are used to issue task orders.

Joint Contracting Command-Iraq/Afghanistan Comments

The Principal Assistant Responsible for Contracting-Iraq, on behalf of JCC-I/A, agreed and stated that if any task orders are issued under these contracts, a Contracting Officer's Representative will be assigned and a Quality Assurance Surveillance Plan will be implemented. He added that, in situations where individual task orders are used to

address unique requirements, that appointing the Contracting Officer's Representative after the task order is awarded is standard procedure.

U.S. Central Command Comments

The Chief of Staff, U.S. Central Command agreed and stated that if task orders are awarded under the contract, a Contracting Officer's Representative must be appointed and a Quality Assurance Surveillance Plan must be prepared.

Our Response

The comments are responsive, and no additional comments are required.

b. Implement procedures to ensure a review is conducted of proposed procurements of Psychological Operations by the Multi-National Force-Iraq Information Operations Division.

Joint Contracting Command-Iraq/Afghanistan Comments

The Principal Assistant Responsible for Contracting-Iraq, on behalf of JCC-I/A, agreed with the need for oversight and management of IO contract requirements. However, the Principal Assistant stated that it would be inappropriate for JCC-I/A to perform this function and that the review of proposed PSYOP procurements should be performed by personnel within the requiring activity.

U.S. Central Command Comments

The Chief of Staff, U.S. Central Command agreed and stated that this function should be performed within the requiring activity, such as MNF-I.

Our Response

The comments are responsive, and no additional comments are required. We agree with the Principal Assistant Responsible for Contracting-Iraq that it would be inappropriate for JCC-I/A to provide the oversight and management of IO contract requirements. JCC-I/A should implement procedures to provide contract documentation, such as statements of work, to the MNF-I IO Division for review prior to the release of the solicitation. This review will allow MNF-I to assess whether the proposed contracting language adequately describes the PSYOP requirement(s) to be satisfied by the procurement.

Appendix A. Scope and Methodology

We conducted this performance audit from December 2008 to May 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We visited, contacted, or conducted interviews with current or former officials from the following organizations:

- U.S. Central Command; Multi-National Force-Iraq, Joint Contracting Command-Iraq/Afghanistan; Multi-National Corps-Iraq;
- Under Secretary of Defense for Intelligence;
- Joint Staff;
- Leonie Industries LLC;
- SOS International, Ltd.;
- L-3 Services, Inc. (MPRI)¹; and
- Lincoln Group.

We reviewed the FAR and Defense Federal Acquisition Regulation Supplement to identify guidance related to contract award and administration.

We reviewed Joint Publication 3-13 to determine joint doctrine for IO. We reviewed Joint Publication 3-53 to determine joint doctrine for PSYOP. We reviewed Joint Publication 3-61 to determine joint doctrine for PA.

We reviewed contract documentation for contracts W91GDW-08-D-4013, W91GDW-08-D-4014, W91GDW-08-D-4015, and W91GDW-08-D-4016 awarded by JCC-I/A. Specifically, we reviewed pre-award and acquisition planning documentation pertaining to the validation of the user need/requirement, the acquisition strategy, and three iterations of the solicitation as amended. We reviewed source selection materials to determine the source selection process and the basis for contract award. We reviewed post-award documentation including the four contracts signed on September 23, 2008, and contract modifications.

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

¹ MPRI is part of L-3 Services, Inc. and would be performing the work for the contract.

Prior Coverage

During the last 5 years, the DoD Inspector General (IG) and Air Force Audit Agency have issued five reports discussing IO or PSYOP. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>.

DoD IG

DoD IG Report No. D-2009-090, “Information Operations Career Force Management,” July 2, 2009.

DoD IG Report No. 07-INTEL-06, “DoD Involvement with The Rendon Group,” March 6, 2007. This report is not publicly available.

DoD IG Report No. D-2007-001, “Information Operations Activities in Southwest Asia,” October 6, 2006. This report is not publicly available.

DoD IG Report No. D-2006-083, “Information Operations in U.S. European Command,” May 12, 2006. This report is not publicly available.

Air Force

F2005-0003-FD3000, “Information Operations Personnel Data Verification,” April 1, 2005.

Appendix B. Media Services Contracts in Iraq

JCC-I/A awarded four IDIQ contracts for media services on September 23, 2008. We reviewed contract documentation pertaining to pre-award, source selection, and contract award, and concluded that the contracting process complied with the FAR.

Pre-Award

On July 4, 2008, the MNC-I Chief of Staff approved a purchase request that obligated \$1,250,000 (\$250,000 for each awardee) to fund the minimum contract amounts on these IDIQ contracts. The former contracting officer stated that he deobligated \$250,000 from the obligated funds since only four firms were awarded contracts, leaving \$1 million obligated.

On July 25, 2008, the Acting Commander, JCC-I/A approved the Acquisition Strategy for this procurement (solicitation number W91GDW-08-R-0006). The Acquisition Strategy stated that PSYOP/IO is a recurring requirement, that was previously satisfied through multiple blanket purchase agreements and multiple-award IDIQ contracts, most of which expire in 2009. The strategy for this procurement was to use a combined contract vehicle for PSYOP and IO that would operate under one oversight team to decrease contract administration efforts. The solicitation would be openly bid as a fixed-price, multiple-award, IDIQ contract with a maximum value of \$300 million.

Solicitation

JCC-I/A prepared and issued the solicitation in accordance with FAR 12.204, "Solicitation/contract form"; 12.301, "Solicitation provisions and contract clauses for the acquisition of commercial items"; 15.203, "Requests for proposals"; and 15.204-2, "Part I-The Schedule." The solicitation was for an IDIQ contract to provide PSYOP and IO services to MNF-I. Firm-fixed-price task orders would be used to execute the requirements described in the SOW. These services would have the core objective of engaging and inspiring target audiences.

Three versions of the solicitation were posted on the Federal Business Opportunities Web site. Each version of the solicitation included a seed project (sample task order) to allow the Government to conduct a detailed price evaluation and comparison of proposals. The seed project would also be used to evaluate the technical capability among offerors.

On July 22, 2008, the contracting officer issued the first solicitation with a SOW titled "Psychological Operations/Information Operations Services," with a seed project titled "Strategic Communication Management Services."

An MNF-I official stated that the SOW from a separate contract for strategic communications management services² was provided to JCC-I/A as the seed project for evaluating contractor proposals for this PSYOP/IO procurement. An MNF-I official stated that the strategic communications management services contract was exclusively for PA. Examples of tasks in the seed project include media monitoring, assessment, and reporting; media training for spokespersons and subject matter experts; and Web site development and management.

On July 28, 2008, the contracting officer reissued the solicitation to incorporate changes in response to technical and performance questions posed by offerors. The second version of the seed project expanded the SOW to include four additional tasks; however, none of these tasks were related to PSYOP.

On August 21, 2008, the contracting officer issued the third and final version of the solicitation. This version incorporated additional changes in response to offerors' questions and changed the name of the services from "Psychological/Information Operations" to "media services." This version also changed the name of the seed project from "Strategic Communication Management Services," to "Media and Advertizing Management Services."

Source Selection

JCC-I/A properly executed the source selection for solicitation W91GDW-08-R-0006. A JCC-I/A official assisted in the establishment of the Source Selection Evaluation Board (SSEB), which consisted of personnel from MNF-I, MNC-I, the PSYOP Task Force, and JCC-I/A. According to a former MNC-I official, the SSEB included individuals with backgrounds in IO, PSYOP, contracting, or PA. The SSEB began its evaluations at JCC-I/A offices on August 26, 2008.

In accordance with FAR Subparts 15.304, "Evaluation Factors and Significant Subfactors," and 15.305, "Proposal Evaluation," the SSEB evaluated the proposals and assessed each proposal solely on the five evaluation factors (Technical Capability, Past Performance, Specialized Past Experience, Iraqi Socio-Economic Program Support, and Price) identified in the solicitation. In accordance with FAR 15.304, the solicitation stated that the evaluation factors of Past Performance, Specialized Past Experience, and Iraqi Socio-Economic Program Support, when combined, were equal and slightly more important than price. The contracting officer documented the strengths, deficiencies, significant weaknesses, and risks supporting the proposal evaluations in the Source Selection Decision Document included in the contract file documentation.

JCC-I/A received nine proposals in response to solicitation W91GDW-08-R-0006; however, one contractor submitted a late proposal and was removed from the competition. The SSEB conducted a comprehensive evaluation of the remaining eight proposals and determined that two proposals were technically unacceptable. Following

² An existing contract for Strategic Communications Management Services was awarded by JCC-I/A to the Lincoln Group on September 23, 2006.

the SSEB's decision, the contracting officer notified the two contractors in writing of their exclusion from the competitive range, in accordance with FAR Subpart 15.503, "Notifications to Unsuccessful Offerors." The SSEB determined that the remaining six proposals were technically acceptable and evaluated the proposals further on the factors of Past Performance, Specialized Past Experience, Iraqi Socio-Economic Program Support, and Price. The SSEB report stated that the competitive procurement established the basis for price reasonableness. In accordance with FAR 15.305(a)(1), the Source Selection Decision Document documented the results of a comprehensive price analysis performed on September 15, 2008.

The Government entered into discussions with the six contractors in the competitive range on September 11, 2008. Subsequently, the contracting officer sent out Items For Negotiation, and on September 13, 2008, the contracting officer requested final proposal revisions from the six contractors. The SSEB removed two contractors from the competition after both contractors were unable to secure an active Secret Facilities Clearance (one contractor also had excessive pricing). In accordance with FAR Subpart 15.303, "Responsibilities," the contracting officer notified the two contractors, in writing, of their exclusion from award, within three days of contract award. The SSEB recommended award to four contractors. The Source Selection Authority agreed with the SSEB's recommendations and made the decision to award contracts to Leonie Industries LLC; SOS International, Ltd.; Lincoln Group; and L-3 Services, Inc. (MPRI). The Source Selection Authority's rationale and decision for the source selection for solicitation W91GDW-08-R-0006 was documented in the Source Selection Decision Document in accordance with FAR Subpart 15.308, "Source Selection Decision."

Contract Award

On September 23, 2008, JCC-I/A awarded four IDIQ contracts to Leonie Industries LLC (W91GDW-08-D-4013); SOS International, Ltd. (W91GDW-08-D-4014); Lincoln Group (W91GDW-08-D-4015); and L-3 Services, Inc. (MPRI) (W91GDW-08-D-4016) to provide a full range of media services to MNF-I. The four contracts were awarded in accordance with FAR Subparts 12.203; 12.204; 15.504, "Award to Successful Offerors"; 15.204, "Contract Format"; 15.204-1, "Uniform Contract Format"; and 16.504, "Indefinite-Quantity Contracts."

The four IDIQ contracts with fixed-price task orders had a period of performance of 12 months from the date of award, with two 12-month option periods. Each contract has a guaranteed minimum value of \$250,000 and a maximum value of \$300,000,000. Each task order has a minimum value of \$125,000 and a maximum value of \$100,000,000. The maximum amount of \$300,000,000 represents the combined totals of base and option years for the four awarded IDIQ contracts.

Post-Award

The contracts were modified twice shortly after award. The first modification, dated September 28, 2008, corrected the fund cite on the contracts. The second modification,

dated October 4, 2008, changed the contract language. The SOW in the original contracts stated:

... it is essential to the success of the new Iraqi Government and the Coalition mission that both communicate effectively with our strategic audiences (i.e., Iraqi, pan-Arabic, international, and U.S. audiences) to gain widespread acceptance of their core themes and messages.

The second modification changed the SOW by eliminating U.S. audiences.

The media services contracts have been on hold since October 2008, and the former contracting officer also stated that there were no task orders awarded for the contracts.

U.S. Central Command Comments



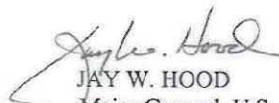
UNITED STATES CENTRAL COMMAND
OFFICE OF THE CHIEF OF STAFF
7115 SOUTH BOUNDARY BOULEVARD
MACDILL AIR FORCE BASE, FLORIDA 33621-5101

19 June 2009

FOR: DEPARTMENT OF DEFENSE INSPECTOR GENERAL (DODIG)

SUBJECT: Review of Draft DODIG Report "Information Operations Contracts in Iraq"
(D2009-D000JA-0108,000)

1. Thank you for the opportunity to respond to the recommendations presented in the DODIG draft report.
2. USCENTCOM concurs with the recommendations in this draft report and comments are attached.
3. The Point of Contact is [REDACTED]


JAY W. HOOD
Major General, U.S. Army

Enclosures
USCENTCOM Response
MNF-I and JCC-I/A Responses

DODIG DRAFT REPORT – DATED May 19, 2009
Project No. D2009-D000JA-0108.000
“Information Operations Contracts in Iraq”

**USCENTCOM COMMENTS
TO THE DRAFT REPORT**

RECOMMENDATION 1.a. (page 7, DODIG Draft)

DODIG recommends that the Commander, Multi-National Force-Iraq (MNF-I) award task orders under these contracts to meet the contract minimum values, then allow the contracts to expire.

USCENTCOM RESPONSE: USCENTCOM concurs with allowing MNF-I to award task orders under the contract. However, if DODIG determines that task orders can be written on this contract in any manner, then it stands to reason that the contract can move forward as originally intended. If the “material internal control weakness in the oversight” of the contract stems from language that does “not clearly distinguish between PA and PSYOP”, it has no bearing on the task orders that would be written against the contract. Provided task orders are written with sensitivity to verbiage, USCENTCOM sees no reason why MNF-I cannot utilize the contract in its intended capacity. Moreover, USCENTCOM believes that the scope of the effort would satisfy PSYOP requirements and user needs. The scope of the contract enables units to draft task orders with more specific requirements that, when managed by an appointed Contracting Officer’s Representative (COR) with a comprehensive Quality Assurance Surveillance Plan (QASP), should fulfill the user needs.

RECOMMENDATION 1.b. (page 7, DODIG Draft)

DODIG recommends that the Commander, Multi-National Force-Iraq determine how ongoing requirements for Psychological Operations will be procured in the future.

USCENTCOM RESPONSE: USCENTCOM concurs with the need to determine requirements and acquisition procedures for PSYOP activities, and concurs with using the program management approach identified in MNC-I’s memo. MNF-I, in collaboration with USCENTCOM IO, will manage this program under OPERATION Earnest Voice (OEV). The mission of OEV is to inform, persuade, and influence international and regional audience perceptions, attitudes, and actions to achieve USUSCENTCOM strategic objectives.

RECOMMENDATION 2.a. (page 7, DODIG Draft)

DODIG recommends that the Commander, Joint Contracting Command-Iraq/Afghanistan (JCC I/A) appoint a COR and prepare a QASP, if the contracts are used to issue task orders.

USCENTCOM RESPONSE: USCENTCOM concurs with the recommendation having a COR prepare a QASP. Since JCC I/A has not issued any task orders on this contract to date, there has not been a need to appoint a COR or prepare a QASP. Should MNF-I issue task orders under current contract to cover the minimum values, they must appoint a COR and prepare a QASP.

RECOMMENDATION 2.b. (page 7, DODIG Draft)

DODIG recommends that the Commander, Joint Contracting Command-Iraq/Afghanistan implement procedures to ensure a review is conducted of proposed procurements of Psychological Operations by the MNF-I Information Operations Cell.

USCENTCOM RESPONSE: USCENTCOM concurs with the need for implementation of procedures for centralized oversight and management of Information Operation contract requirements. However, USCENTCOM believes this function should be performed by appropriate personnel within the requiring activity, specifically MNF-I.

GENERAL COMMENTS ON THE REPORT

1. (U) Page i. USCENTCOM concurs with JCC I/A's comment on contract language differentiating PSYOP and PA. While the Statement of Work identifies the whole spectrum of media services under an ID/IQ contract, each task order identifies specific requirements. USCENTCOM believes the real issue stems from the inclusion of "U.S. audiences" in the SOW, since it is illegal to target U.S. audiences for PSYOP.
2. (U) Page i. USCENTCOM believes that multiple award, ID/IQ contracts give both contracting officials and end users the best procedure to ensure proposed procurements are aligned with requirements. The oversight comes from IO practitioners managing requirements and appointing CORs with detailed QASPs to manage each task order. Provided the verbiage is such that it stands up to legal rigor, such contracts expedite the acquisition process for the war fighter and centralize procurement to avoid duplicity or redundancy.

APPROVED BY:



PREPARED BY:



DODIG DRAFT REPORT – DATED May 19, 2009
Project No. D2009-D000JA-0108.000
“Information Operations Contracts in Iraq”

**MNF-I COMMENTS
TO THE DRAFT REPORT**

RECOMMENDATION 1.a. (page 7, DODIG Draft)

DODIG recommends that the Commander, Multi-National Force-Iraq award task orders under these contracts to meet the contract minimum values, then allow the contracts to expire.

MNF-I RESPONSE: MNF-I concurs with awarding of task orders to meet contract minimum values. Due to contracting timelines, recommend approval be granted to award NLT 15 August 09.

RECOMMENDATION 1.b. (page 7, DODIG Draft)

DODIG recommends that the Commander, Multi-National Force-Iraq determine how ongoing requirements for Psychological Operations will be procured in the future.

MNF-I RESPONSE: MNF-I concurs with information provided in this report. Please see attached response.

GENERAL COMMENTS ON THE REPORT



REPLY TO:
ATTENTION OF

HEADQUARTERS
MULTI-NATIONAL CORPS - IRAQ
BAGHDAD, IRAQ
APC AE 09342

FICI-IO

27 May 2009

MEMORANDUM FOR Department of Defense Inspector General, The Pentagon, Washington, DC 20301

SUBJECT: Multi-National Corps-Iraq Response to DODIG Draft Report Project Dated 19 May 2009, Number D2009-D000JA-0108.000, Information Operations Contracts in Iraq

1. The Department of Defense Inspector General recommendation 1.b. stated "DoDIG recommends that the Commander, Multi-National Force-Iraq determine how ongoing requirements for Psychological Operations will be procured in the future."

2. **MNC-I Response:** MNC-I concurs with the information provided in this report. MNC-I will determine how ongoing requirements for Psychological Operations (PSYOP) will be procured in the future by preparing a Joint Urgent Operational Needs Statement (JUONS) IAW CJCSI 3470.01 JUONS. The JUONS is intended to request the creation of a program office for acquisition of information operations related services and products, preferably at USSOCOM. The Program office will include a program manager whose duties will include:

- Analyze recurring and similar requirements for information operations products and psychological information.

- Conduct market research to identify potential US and foreign vendors to include companies which geographic specialization and market presence.

- The Program Manager will prepare an acquisition plan to include contract line item number (CLIN) and a performance work statement (PWS) that expands off of the CLIN line items and shows measurable outcomes and includes source selection factors which enable selection of the vendor with the best explanation of HOW they intend to perform the work called for in the work statement such that risk to cost, schedule and performance are mitigated.

- The Program Manager will prepare, execute and assist with execution of acquisition vehicles that are deployable to field units in a template format which is optimized for IO and the five associated pillars-Operations Security, Military Deception, Psychological Operations, Electronic Warfare and Computer Network Operations.

- The Program Manager will transfer risk of non-performance to the contractors to the maximum extent possible. The Program Manager will identify segments of Information Operations and Psychological Operations in particular which are capable of being executed by a contractor in view of specific measurable standards such that the contractor is responsible for a failure to meet specified measures of performance and measures of effectiveness.

FICI-IO

SUBJECT: Multi-National Corps-Iraq Response to DODIG Draft Report Project Dated 19 May 2009, Number D2009-D000JA-0108.000, Information Operations Contracts in Iraq

-The Program Manager will maintain a database of available vendors around the world to include local and translational vendors who are capable of deploying appropriate personnel into a theater of operations with specific skills.

- The program manager will provide a liaison officer (LNO) with forward deployed information operations planning and execution cells, particularly PSYOP units, to assess current tools/acquisition vehicles/vendor base. LNOs will be deployed from theater to corps to division level as well as with Special Forces units where there are no conventional forces at division level.

- The program office's key capability is to provide both high levels of technical expertise in full spectrum IO, PSYOP in particular, along with highly experienced program managers and acquisition capabilities to include ability to issue contracts for information operations support and also advise deployed units in acquisition planning and contracting with deployed contracting commands. Acquisition plans and work statements will be in compliance with performance based service acquisition rules and doctrine to the maximum extent possible.

-The program office will possess the capability to assess effectiveness of information operations activities that are being contracted out and provide immediate guidance on corrective action where needed to include contract administration support. The program office will also be able to provide cost estimation capabilities for information operations capabilities.

-The program office will be responsible for training programs for just in time training of deployed personnel in acquisition planning and contract administration for information operations and in particular, PSYOP contracts.

-The program office will create a library of template acquisition plans for recurring information operations requirements as well as a field unit contingency contracting handbook for information operations similar to the one issued by USSOCOM Directorate of Procurement Contingency Contracting Element, MacDill Air Force Base (USSOCOM/SOAL-KA). This handbook will include telephone numbers that provide a helpline for information operations acquisitions issues.

3. Point of contact for this action is the undersigned at [REDACTED]



NANETTE GALLANT
Colonel, USA
Deputy Chief of Information Operations

APPROVED BY:



PREPARED BY:



Joint Contracting Command-Iraq/Afghanistan Comments

DODIG DRAFT REPORT – DATED May 19, 2009
Project No. D2009-D000JA-0108.000
"Information Operations Contracts in Iraq"

**JCC I/A COMMENTS
TO THE DRAFT REPORT**

RECOMMENDATION 2.a. (page 7, DODIG Draft)

DODIG recommends that the Commander, Joint Contracting Command-Iraq/Afghanistan appoint a Contracting Officer's Representative and prepare a Quality Assurance Surveillance Plan, if the contracts are used to issue task orders.

JCC I/A RESPONSE: JCC I/A concurs with this recommendation and if any task orders are issued under these contracts a COR will be assigned and a QASP implemented. It was the command's intent all along to appoint a COR and a QASP for individual task orders as each is a unique requirement. This is the standard procedure for ID/IQ contracts with differing customers and requirements.

RECOMMENDATION 2.b. (page 7, DODIG Draft)

DODIG recommends that the Commander, Joint Contracting Command-Iraq/Afghanistan implement procedures to ensure a review is conducted of proposed procurements of Psychological Operations by the Multi-National Force-Iraq Information Operations Cell.

JCC I/A RESPONSE: JCC I/A concurs with the need for implementation of procedures for centralized oversight and management of Information Operation contract requirements. However, it would be inappropriate for JCC-I/A to perform this function in that it would result in JCC-I/A policing, as well as defining contract requirements for MNF-I. This function should be performed by appropriate personnel within the requiring activity.

GENERAL COMMENTS ON THE REPORT

1. (U) Page i. The summary of the report says that "The contract language did not clearly differentiate between Psychological Operations and Public Affairs." It should be understood that the Statement of Work covered the whole spectrum of media services under an ID/IQ arrangement, no work would be ordered for the entire statement of work against the basic contract. Rather, individual task orders would be placed for specific requirements, (i.e. public affairs or psychological operations), but not both together. Task orders are considered stand alone contracts and there never was an intent to include public affairs and psychological operations under one task order.
2. (U) Page i. The summary of the report also says "material internal control weakness exists in the oversight of the contract...because JCC-I/A did not appoint a COR or prepare a QASP." JCC-I/A does not agree with that assessment because no task orders were ever issued under this contract. If a task order were to be issued a COR would be assigned and a QASP developed and implemented. As noted in recommendation 2a, it was the command's intent all along to appoint a COR and a QASP for individual task orders as each is a unique requirement. This is the standard procedure for ID/IQ contracts with differing customers and requirements.

APPROVED BY:



PREPARED BY:



Office of the Under Secretary of Defense for Intelligence



INTELLIGENCE

OFFICE OF THE UNDER SECRETARY OF DEFENSE
5000 DEFENSE PENTAGON
WASHINGTON, DC 20301-5000

June 2, 2009

MEMORANDUM FOR DIRECTOR, JOINT AND OVERSEAS OPERATIONS

SUBJECT: OUSD(I) Comments on Project No. D2009-D000JA-0108.000

This memorandum responds to your request to provide comments on the draft report of your audit of the Information Operations Contracts in Iraq. I have read your draft, and concur with all of your findings. The action OSD will take to accomplish the DoD IG team's recommendations is to endorse and advocate them within the Department.

Regarding the material internal control weakness discussed in the report, I agree that we must improve material contract controls to distinguish between tasks that support products intended for United States audiences and those intended exclusively for foreign audiences. There are instances, however, where select contracts can be consolidated, e.g., media analysis. These types of contracts are best optimized under one vehicle, as these products do not intended to inform or influence outside audiences.

If there's any way I may offer assistance, please let me know.

A handwritten signature in black ink, appearing to read "F. Austin Branch", is positioned above the typed name.

F. Austin Branch
Senior Advisor for IO Strategy & Plans
Information Operations & Strategic Studies





Inspector General Department *of* Defense

